

Alaska State Legislature

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SECTIONAL ANALYSIS SB 28 v.A

"An Act relating to the Public Employees' Retirement System of Alaska and the teachers' retirement system; providing certain employees an opportunity to choose between the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska and the teachers' retirement system; and providing for an effective date."

- Section 1:** AS 14.25.009. Establishes applicability of the state's TRS Defined Benefit (DB) plans to teachers who are not members of the TRS Defined Contribution (DC) plan.
- Section 2:** AS 14.25.040(a). Provides that new teachers are subject to the new TRS DB plan and that a teacher who was a member of the TRS DC plan will not be subject to the new TRS DB plan unless the teacher elects to participate in the new plan.
- Section 3:** AS 14.25.040 (new (f), (g), and (h)). Provides that teachers who are also members of the PERS DB system may elect to have their compensation under PERS service counted toward their TRS base salary and establishes the procedure for that election and establishes that reemployed former members of the TRS DC plan who cannot or have not rolled their DC accounts back for transfer purposes become members of the new TRS DB plan.
- Section 4:** AS 14.25.044 (new). Provides that teachers who left service as members of the TRS DC plan and who are reemployed may elect the new TRS DB plan within 180 days of reemployment and establishes the procedure for that election.
- Section 5:** AS 14.25.048(b). Conforming to address that only members of previous TRS DB tiers could receive credit for retroactive membership as a teacher of Alaska Native language and culture.
- Section 6:** AS 14.25.048(c). Conforming to address that only members of previous TRS DB tiers could receive credit for retroactive membership as a teacher of Alaska Native language and culture and could count that time as membership service.
- Section 7:** AS 14.25.050(a). Creates an exception to the 8.65% contribution rate for the new TRS DB plan under later subsection (e) and deletes the employer's required process for obtaining the employee's contribution through payroll deduction, which is re-established under later subsection (g).
- Section 8:** AS 14.25.050 (new (e), (f), and (g)). Adds a new subsection (e) establishing the employee contribution rate under the new TRS DB plan as 8.0% of the employee's base salary for the first year. Also

establishes new subsection (f) providing the employer's required process for obtaining employee contributions through payroll deduction. After the first year, under new subsection (g), the rate may be variable 8%-12% as adjusted by the ARM Board if the new DB plan is funded at less than 90%. Further provides that, when employee contribution rate is increased or decreased, employer contribution rate is adjusted by an equivalent total sum.

- Section 9:** AS 14.25.065(b). Reduces the amount that TRS employers are charged for late payments of contributions to the State from 1.5 times the interest rate to merely the interest rate.
- Section 10:** AS 14.25.070(a). Provides that the employer contribution rate of 12.56% of the total of all base salaries of teachers applies to the new TRS DB plan, except that the rate shall be decreased by the ARM Board to the full actuarially determined cost if that cost is below 12.56%, but may not be decreased below a 12% "floor."
- Section 11:** AS 14.25.070 (new (i)). Provides that if the legislature appropriates funds to reduce the employer's contribution in any given fiscal year, the employer's contribution rate must be reduced to account by that sum.
- Section 12:** AS 14.25.075(a). Conforming to list retroactive indebtedness credit under AS 14.25.061, repealed by this Act, as one of the credited service types for which the employer may make payments through payroll deduction.
- Section 13:** AS 14.25.075(b). Conforming to list retroactive indebtedness credit under AS 14.25.061, repealed by this Act, as one of the credited service types eligible for irrevocable election for payroll deduction.
- Section 14:** AS 14.25.075(i). Conforming to list retroactive indebtedness credit under AS 14.25.061, repealed by this Act, as one of the credited service types that, upon satisfaction of the indebtedness, the member's service history will be credited and adjusted.
- Section 15:** AS 14.25.086 (new). Requires employer and member contributions for the new TRS DB plan, except for contributions for retiree major medical benefits, shall be separately computed and placed in a sub-trust established by the ARM Board.
- Section 16:** AS 14.25.087. Requires that employer contributions for retiree major medical insurance must be accounted for separately for the prior TRS DB tiers and the new TRS DB plan and must be deposited into the major medical trust account for the DB system.
- Section 17:** AS 14.25.110(a). Conforming to address qualifications for retirement benefits under the prior TRS DB tiers and to provide the calculation for retirement benefits under the prior TRS DB tiers.
- Section 18:** AS 14.25.110(b). Conforming to address eligibility for an early retirement benefit which was provided to the prior TRS DB tiers.

- Section 19:** AS 14.25.110(d). Adds new subsections establishing the new TRS DB plan qualifications for retirement benefits is age 60, with at least five years of membership service, or 30 total years of membership service. Also provides that the benefit calculation will be: 2% of the average base salary for the first 10 years of service, 2.25% of the average base salary for years 10 through 20 years of service, and 2.5% of the average base salary beyond 20 years of service.
- Section 20:** AS 14.25.142(a). Excludes the 10% cost-of-living adjustment for the new TRS DB plan.
- Section 21:** AS 14.25.143(a). Modifies the post retirement pension adjustment (PRPA) to apply in the circumstance when a TRS DB retiree is below the age of 60 but has been receiving benefits for five years instead of eight years.
- Section 22:** AS 14.25.143(b). Conforming to provide an exception to the PRPA calculation under later subsections (g) and (h).
- Section 23:** AS 14.25.143 (new (g) and (h)). Establishes that retirees receiving the PRPA who are not residents of the state meeting eligibility for the PFD is 50% of the PRPA calculation for residents, and authorizes the ARM Board to decrease or eliminate the PRPA for the member of the new TRS DB plan if the funding of the new plan attributable to the members of the new plan is less than 90%.
- Section 24:** AS 14.25.168(a). Conforming to make clear that the members of the new TRS DB plan are not covered by AS 14.25.171 which provides the major medical benefits for the prior TRS DB tiers.
- Section 25:** AS 14.25.171 (new). Establishes the medical benefit for members of the new TRS DB plan that, if elected and applied for, provides access to retiree major medical insurance which supplements Medicare at the age of 65, and provides access to the retiree's monetary account under the Health Reimbursement Arrangement Plan of AS 39.30.300. The retiree must be employed in the twelve months preceding retirement. This section also establishes that a retiree may use the Health Reimbursement Arrangement Plan funds to pay the cost of premiums to continue medical insurance coverage. The cost of the premiums before age 65 are the full monthly cost for group premiums; the cost of the premium for retirees at the age of 65 who are eligible for Medicare is scaled depending on number of service years.
- Section 26:** AS 14.25.220(5). Conforming to provide the definition for "average base salary" under prior TRS DB tiers and defines the "average base salary" for teachers in the new TRS DB plan. The average base salary as used in the new TRS DB plan is based on the average of the member's highest five consecutive base salaries; the definition also restricts the applicability of the average base salary to service years for which compensation was received for at least 2/3 of the year.
- Section 27:** AS 14.25.220(6). Conforming to provide that the definition for "base salary" includes compensation for amounts a teacher earned under PERS service if the member elected to do so under AS 14.25.040(f).
- Section 28:** AS 14.25.220(46). Conforming to provide the definition for "vested member" or "vested teacher" under prior TRS DB tiers and defines "vested member" or "vested teacher" under the new TRS DB plan. A

vested member under the new TRS DB plan is a teacher who has completed five years of membership service.

- Section 29:** AS 14.25.220(48). Provides a definition for the phrase “first became a member after June 30, 2006” and “first became a member of the plan after June 30, 2006” to include the formerly unvested members of the prior TRS DB tier who elected to become members of the TRS DC plan but who elect to participate in the new DB plan.
- Section 30:** AS 14.25.310. Conforming applicability provision to ensure the provisions of the TRS DC plan applies only to DC plan members who do not elect membership in the new TRS DB plan and those who previously transferred into the DC plan and do not elect to participate in the new DB plan.
- Section 31:** AS 14.25.310 (new (b)). Ensures that an employer whose employees currently belong to the TRS DC plan is required to participate in the new TRS DB plan.
- Section 32:** AS 14.25.330(a). Conforming membership provision to ensure the TRS DC plan members include those who do not elect membership in the new TRS DB plan.
- Section 33:** AS 14.25.490(a). Modifies current law to ensure that the State may not amend the TRS DC plan in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.
- Section 34:** AS 14.25.490(b). Modifies current law to ensure that the State may not retroactively reduce accrued benefits of the TRS DC plan except as permitted by Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.
- Section 35:** AS 14.25.490(c). Modifies current law to ensure that, while the state may terminate the TRS DC plan, it may not do so in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.
- Section 36:** AS 14.25.490(d) (repealed/reenacted). Rephrases current law to assign the plan administrator the directive to return a mistaken employer contribution under the TRS DC plan to the employer within a year of its discovery.
- Section 37:** AS 37.10.220(a). Subsections 8(C) and (D) require the ARM Board to work with the plan administrator to obtain an actuarial valuation to determine the appropriate monthly contribution rates under AS 14.25.070 and AS 39.35.255, addressing the employer contribution rate under the new TRS DB plan and new PERS DB plan, respectively, as well as appropriate adjustments under AS 14.25.050(e) and AS 39.35.160(e), addressing the 8-10% variable employee contribution rate for the new TRS DB plan and the new PERS DB plan, respectively. This section also empowers the ARM Board to assign the employer contribution rates under AS 14.25.070(i) and AS 39.35.255(j). Subsection (17) directs the ARM Board to establish sub-trusts as necessary to hold the employer and employee contributions, assets, and earnings for the members of the new TRS DB plan and the new PERS DB plan. Subsection (18) establishes a duty of the ARM Board to separately account for and track the funds attributable to the new DB plans.

- Section 38:** AS 37.10.220(b). Gives discretion to the ARM Board to adjust the amount of the PRPA under AS 14.25.143 and AS 39.35.475, for the new TRS DB plan and new PERS DB plan, respectively. This section also allows the ARM Board to adjust the amount of the variable 8%-12% employee contribution rate under AS 14.25.050(e) and AS 39.35.160(e) for the new TRS DB plan and new PERS DB plan, respectively, and to adjust the employer's equivalent total sum under AS 14.25.050(g) and AS 39.35.160(e), respectively.
- Section 39:** AS 39.30.090(a). Conforming to ensure that, in addition to the other existing state retirement plans, the Department of Administration is empowered to obtain group insurance policies for retirees entitled to medical coverage for the new TRS DB plan and new PERS DB plan.
- Section 40:** AS 39.30.097(a). Conforming to authorize the commissioner of the Department of Administration to prefund retiree major medical benefits by establishing an irrevocable trust for the state DB retirement plans, including for the new TRS DB plan and new PERS DB plan.
- Section 41:** AS 39.30.097(b). Conforming to delete a reference to a provision regarding prefunding of medical benefits for the Health Reimbursement Arrangement Plan for which prefunding medical benefit authority is later established under new subsection (f).
- Section 42:** AS 39.30.097(f). Amends current law to ensure that the commissioner of the Department of Administration is authorized to prefund Health Reimbursement Arrangement Plan medical benefits by establishing an irrevocable trust for state retirement plans assigned with that benefit, including for the new TRS DB plan and new PERS DB plan.
- Section 43:** AS 39.30.300. Amends current law to ensure that the current State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is available to the members of the new TRS DB plan and new PERS DB plan.
- Section 44:** AS 39.30.340. Amends current law to mandate the plan administrator to establish the trust fund referenced under AS 39.30.097(f) to hold the assets of the Health Reimbursement Arrangement Plan for the beneficiaries of that benefit, including for the members of the new TRS DB plan and new PERS DB plan.
- Section 45:** AS 39.30.370. Conforming amendment that ensures the administrator to account employers' contribution and for the ARM board to adjust the interest rate of member's individual accounts. This is established under a new subsection (c).
- Section 46:** AS 39.30.370 (new (b), (c), and (d)). Amends current law to increase peace officers and firefighters' employers' contribution from 3% to 4% into the members Health Reimbursement Account.
- Section 47:** AS 39.30.380. Conforming to provide that, in addition to existing members of the TRS and PERS DC tiers, that members of the new TRS DB plan and new PERS DB plan who terminate employment before meeting retirement eligibility requirements loses rights to the contributions made by the employer to

the Health Reimbursement Arrangement trust fund, excepting that, if the person returns to service by December 31 of the year the person reaches 65 years of age, then the person's account balance will be restored.

- Section 48:** AS 39.30.390. Conforming to provide that, in addition to existing members of the TRS and PERS DC tiers, that members of the new TRS DB plan and new PERS DB plan are eligible for reimbursements from their Health Reimbursement Arrangement individual accounts.
- Section 49:** AS 39.30.400(a). Conforming to provide that, in addition to existing members of the TRS and PERS DC tiers, that members of the new TRS DB plan and new PERS DB plan who elected retiree major medical insurance coverage may have deductions made from their Health Reimbursement Arrangement individual accounts to pay for their monthly premiums.
- Section 50:** AS 39.30.420(a). Modifies current law to ensure that the State may not amend the Health Reimbursement Arrangement coverage in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.
- Section 51:** AS 39.30.420(b). Modifies current law to ensure that the State may not retroactively reduce accrued benefits of the Health Reimbursement Arrangement coverage except as permitted by Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.
- Section 52:** AS 39.30.420(c). Modifies current law to ensure that, while the state may terminate the Health Reimbursement Arrangement coverage, it may not do so in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.
- Section 53:** AS 39.30.420(d) (repealed/reenacted). Rephrases current law to assign the plan administrator the directive to return a mistaken employer contribution under the TRS and PERS DC tiers, the new TRS DB plan, and new PERS DB plan Health Reimbursement Arrangement Plan to the employer within a year of its discovery.
- Section 54:** AS 39.30.495(5). Conforming to ensure the definition of "eligible person" for the Health Reimbursement Arrangement Plan includes members of the new TRS DB plan and new PERS DB plan who elect the coverage.
- Section 55:** AS 39.30.495(6). Adds to the definition of "employer" under the provisions of the Health Reimbursement Arrangement Plan those employers who employ members of the new TRS DB plan and new PERS DB plan.
- Section 56:** AS 39.30.495(9). Adds to the definition of "member" under the provisions of the Health Reimbursement Arrangement Plan the members of the new TRS DB plan and new PERS DB plan.

- Section 57:** AS 39.35.095. Establishes applicability of the state's PERS Defined Benefit (DB) plans to employees who are not members of the PERS Defined Contribution (DC) plan, including those who elected out of the PERS DC plan into the new PERS DB plan, as well as new employees hired after July 1, 2024.
- Section 58:** AS 39.35.095 (new (b)). Establishes that reemployed former members of the PERS DC plan who cannot or have not rolled their DC accounts back for transfer purposes become members of the new PERS DB plan.
- Section 59:** AS 39.35.100(b). Conforming to establish requirement to maintain individual accounting for employee contributions for the new DB plan.
- Section 60:** AS 39.35.159 (new). Provides that employees who left service as members of the PERS DC plan and who are reemployed may elect the new PERS DB plan within 180 days of reemployment and establishes the procedure for that election.
- Section 61:** AS 39.35.160(a). Creates exceptions to the current DB contribution rates of 7.5% for police and firefighters and 6.75% for other employees for the new PERS DB plan, under later subsection (e) and deletes the employer's required process for obtaining the employee's contribution through payroll deduction, which is re-established under later subsection (f).
- Section 62:** AS 39.35.160 (new (e), (f), and (g)). Adds new subsection (e) establishing the employee contribution rate under the new PERS DB plan is 8.0% of the employee's base salary for the first year. Also establishes new subsection (f) providing the employer's required process for obtaining employee contributions through payroll deduction. After the first year, under new subsection (g), the rate may be variable 8%-12% as adjusted by the ARM Board if the new DB plan is funded at less than 90%. Further provides that, when employee contribution rate is increased or decreased, employer contribution rate is adjusted by an equivalent total sum.
- Section 63:** AS 39.35.165(a). Conforming to allow that reemployed PERS DC tier members who have elected to transfer into the new PERS DB plan who are purchasing credited service may opt payroll deductions by the employer in lieu of direct payments.
- Section 64:** AS 39.35.165(b). Establishes the election of and procedures for payroll deductions for members of the new PERS DB plan who have transferred in with service time indebtedness.
- Section 65:** AS 39.35.165(g). Conforming to establish that members paying outstanding service time indebtedness are credited with service time as the contributions are made.
- Section 66:** AS 39.35.165(i). Conforming to provide that once an employee's outstanding service time indebtedness is paid off the commissioner shall adjust the member's credited service history.
- Section 67:** AS 39.35.255(a). Provides that the employer contribution rate of 22% of the total of all base salaries of members applies to the new PERS DB plan, except that the rate shall be decreased by the ARM Board

to the full actuarially determined cost if that cost is below 22%, but may not be decreased below a 12% “floor.”

- Section 68:** AS 39.35.255 (new (j)). Provides that if the legislature appropriates funds to reduce the employer’s contribution in any given fiscal year, the employer’s contribution rate must be reduced to account by that sum.
- Section 69:** AS 39.35.281 (new). Requires employer and member contributions for the new PERS DB plan, except for contributions for retiree major medical benefits, shall be separately computed and placed in a sub-trust established by the ARM Board.
- Section 70:** AS 39.35.282. Requires that employer contributions for retiree major medical insurance must be accounted for separately for the prior PERS DB tiers and the new PERS DB plan and must be deposited into the major medical trust account for the DB system.
- Section 71:** AS 39.35.340(i). Conforming to allow members of the new PERS DB plan who had service in the military to use up to five years of that service toward service time eligibility for retiree major medical benefits.
- Section 72:** AS 39.35.345(d). Conforming to allow vested members of the new PERS DB plan to elect to add temporary PERS service time to credited service toward normal retirement or for the calculation of benefits.
- Section 73:** AS 39.35.370(a). Conforming to provide the calculation for retirement benefits under the prior PERS DB tiers and adds a new subsection establishing the new PERS DB plan qualifications for retirement benefits are: Age 60, with at least five years of credited service; age 55 for a peace officer or firefighter, with at least 20 of credited service; age 50 for a peace officer or firefighter, with at least 25 years of credited service; or at least 30 years of credited service.
- Section 74:** AS 39.35.381(e). Conforming to disallow benefits under the Health Reimbursement Arrangement Plan to an elected public officer who retired as a teacher under a TRS DB plan who opts the alternate benefit for elected public officers under AS 39.35.381.
- Section 75:** AS 39.35.475(b). Conforming to provide an exception to the post retirement pension adjustment (PRPA) calculation under later subsections (g) and (h).
- Section 76:** AS 39.35.475 (new (g) and (h)). Establishes that retirees receiving the PRPA who are not residents of the state meeting eligibility for the PFD is 50% of the PRPA calculation for residents, and authorizes the ARM Board to decrease or eliminate the PRPA for the member of the new PERS DB plan if the funding of the new plan attributable to the members of the new plan is less than 90%.
- Section 77:** AS 39.35.480(a). Excludes the 10% cost-of-living adjustment for the new PERS DB plan.

- Section 78:** AS 39.35.535(a). Conforming to establish an exception under later subsection (g) to the major medical coverage provided under prior PERS DB tiers.
- Section 79:** AS 39.35.535(c). Conforming to exclude members of the new PERS DB plan the election of major medical coverage provided under prior PERS DB tiers.
- Section 80:** AS 39.35.535 (new (g)). Establishes that members of the new PERS DB plan are not eligible for major medical coverage provided under prior PERS DB tiers but may elect medical benefits under AS 39.35.537, addressing the medical benefits of the new PERS DB plan.
- Section 81:** AS 39.35.537 (new). Establishes the medical benefit for members of the new PERS DB plan that, if elected and applied for, provides access to retiree major medical insurance which supplements Medicare at the age of 65, and provides access to the retiree's monetary account under the Health Reimbursement Arrangement Plan of AS 39.30.300. The retiree must be employed in the twelve months preceding retirement. This section also establishes that, a retiree may use the Health Reimbursement Arrangement Plan funds to pay the cost of premiums to continue medical insurance coverage. The cost of the premiums before age 65 are the full monthly cost for group premiums; the cost of the premium for retirees at the age of 65 who are eligible for Medicare is scaled depending on number of service years.
- Section 82:** AS 39.35.610(a). Reduces the amount that PERS employers are charged for late payments of contributions to the State from 1.5 times the interest rate to merely the interest rate.
- Section 83:** AS 39.35.681(4). Conforming to align the prior PERS Tier III DB plan definition of "average monthly compensation," which is based on the employee's highest five consecutive years of pay, to apply to the new PERS DB plan, including for police and firefighters whose benefits under the prior DB tier were based on highest three consecutive years of pay.
- Section 84:** AS 39.35.680(18). Adds to the definition of "employer" under the provisions of the DB system those who employ members of the new PERS DB plan.
- Section 85:** AS 39.35.680 (new (44)). Provides a definition for the phrase "first became a member after June 30, 2006" and "first became a member of the plan after June 30, 2006" to include the formerly unvested members of the prior PERS DB tier who elected to become members of the PERS DC plan but who elect to participate in the new DB plan.
- Section 86:** AS 39.35.700. Conforming applicability provision to ensure the provisions of the PERS DC plan applies only to DC plan members who do not elect membership in the new PERS DB plan and those who previously transferred into the DC plan who do not transfer into the new DB plan.
- Section 87:** AS 39.35.700 (new (b)). Ensures that an employer whose employees currently belong to the PERS DC plan is required to participate in the new PERS DB plan.

- Section 88:** AS 39.35.720. Conforming membership provision to ensure the PERS DC plan members include those who do not elect membership in the new PERS DB plan; employees first hired after the effective date of the Act are not able to elect membership in the PERS DC plan.
- Section 89:** AS 39.35.895(a). Modifies current law to ensure that the State may not amend the PERS DC plan in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.
- Section 90:** AS 39.35.895(b). Modifies current law to ensure that the State may not retroactively reduce accrued benefits of the PERS DC plan except as permitted by Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.
- Section 91:** AS 39.35.895(c). Modifies current law to ensure that, while the state may terminate the PERS DC plan, it may not do so in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.
- Section 92:** AS 39.35.895(d). Rephrases current law to assign the plan administrator the directive to return a mistaken employer contribution under the PERS DC plan to the employer within a year of its discovery.
- Section 93:** Repeals AS 14.25.012(c), regarding effective dates of prior TRS DB tiers; AS 14.25.061, regarding retroactive indebtedness for prior TRS DB tiers; AS 14.25.540, concerning transfer into the TRS DC tier by members of the previous TRS DB tier; and AS 39.35.940 concerning transfer into the PERS DC tier by members of the previous PERS DB tier.
- Section 94:** Provides uncodified transitional law allowing currently employed members of the TRS and PERS DC tiers to transfer in to the new TRS and PERS DB plans. The employees must elect the transfer by January 1, 2025 and must transfer all of the employee and employer contributions of the DC account into the new DB plan, which is used to purchase credited service in the new DB plan.

The election procedures and transition process are referenced as provided under the earlier reemployment sections, Section 4 for TRS and Section 55 for PERS, where they also apply.

They are as follows: The election must be in writing and the plan administrator must provide the member with information on the new DB plan, including calculations that illustrate the effect of transferring membership on the employee's retirement benefits.

The election is irrevocable and the membership in the new DB plan is retroactive to the date of hire. The member's credited service in the new DB plan will be the actuarial equivalent of the value of the member's former DC contributions, and the plan administrator must complete the transfer within 60 days that the employee submits the employee's election forms.

The plan administrator must transfer an amount equal to the decrease in the accrued actuarial liability of the death and disability trust of the DC plan to the pension fund of the new DB plan.

If the value of the employee's DC contributions is insufficient to fund service credit equal the employee's actual service time, the employee may purchase indebtedness to eliminate the insufficiency.

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If the value of the employee's DC contributions exceeds the amount needed to equal the employee's actual service time, the excess value must be transferred to the employee's SBS account, or if the employer does not participate in SBS, then to a private IRA. The amount of service that may be purchased is determined on the employee's accrued actuarial liability of pension benefits.

Actuarial assumptions must be based on the most recent actuarial valuation of the corresponding DB plan, except that rates of retirement must be computed at 25% of the retirement rates of the most recent actuarial valuation for that pension trust, plus 75% of the rates of retirement used in the most recent actuarial valuation for the corresponding DC retirement plan.

Section 95: Provides uncoded transitional law authorizing the ARM Board and the commissioner of the Department of Administration to adopt regulations necessary to implement the Act.

Section 96: Regulation authority has immediate effective date.

Section 97: The Act takes effect July 1, 2025